

FY 2000-01 BUDGET

BUDGET SECTION SUMMARY

Section Title:

SANITATION ZONE - SEA RANCH

A. Program Description

This budget for Sanitation Zone - Sea Ranch (Zone 1) finances administration, operation, and maintenance of the collection system, pumping stations, two treatment plants, and the disposal to the golf course servicing the Sea Ranch area.

B. Financial Summary

Section	GROSS EXPENDITURES			NET COST/USE OF FUND BALANCE		
	FY 99-00 Adopted	FY 00-01 Requested	Percent Change	FY 99-00 Adopted	FY 00-01 Requested	Percent Change
Operations	\$512,100	\$525,040	2.53%	\$234,379	\$237,381	1.28%
Construction	145,000	535,000	268.97%	(168,500)	217,500	(229.08%)
TOTAL:	\$657,100	\$1,060,040	61.32%	\$65,879	\$454,881	590.48%

C. Staffing Summary

No staffing is allocated to this index.

D. Workload Summary

Workload Indicator	FY 98-99 Actual	FY 99-00 Budget Estimate	FY 99-00 Revised Estimate	FY 00-01 Projected	Change from FY 99-00 Budget Estimate
Total ESDs	446	462	467	467	1.08%
Total APNs	837	837	837	837	0.00%

E. Summary of Issues and Significant Changes

The current rate of \$560 per ESD for service charges is considered adequate to meet operational expenses for the forthcoming year. Accordingly, no increase to the annual sewer service rate is proposed.

Beginning in FY 95-96, a capital replacement program was implemented within the sanitation zones and districts. The purpose of the program is to provide for the long-term replacement of existing facilities that are worn out and in disrepair. Investment in capital replacement will extend the life of existing facilities at current sanitation standards and will reduce operations and maintenance costs. The cost of the program is financed through operating transfers from the operations fund to the construction fund. It is the Agency's objective to fund the program to the level of depreciation expense for each zone or district. If the operations fund does not have sufficient cash available, a transfer of funds to construction will not be made and the planned capital replacement projects will be delayed until the next fiscal year.

During FY 99-00, the Sea Ranch Sanitation Zone will transfer \$300,000 from the operations fund to the construction fund to finance capital replacement. This amount fully funds the Zone's annual depreciation expense, and provides for required system improvements. The transfer is planned to remain at \$300,000 in the forthcoming fiscal year to provide additional funding required for planned system improvements.

E. Summary of Issues and Significant Changes (Continued)

The FY 00-01 budget request for subobject 8510 - Buildings and Improvements, in the construction fund is \$490,000. This request is intended to fund environmental, design and construction costs for a new effluent storage pond that is necessary for the Zone to remain in compliance with its operational permit requirements. This request also includes funding for an influent line coating project.

In addition to the above, the Zone's capital program request includes \$45,000 (for subobject 9142 - Capital Replacement Program) to fund the replacement of sewer trunk lines, as well as some items of electrical and mechanical equipment.

The Sea Ranch Sanitation Zone consists of two wastewater collection and treatment systems located in Central and North Sea Ranch. The Central and North facilities both provide treatment to secondary wastewater treatment standards and are designed to treat average daily dry weather flows of up to 27,000 and 160,000 gallons per day, respectively. Treated wastewater from both facilities is disposed of through irrigation. The Sea Ranch Water Company is under contract to operate and maintain the Sea Ranch SZ facilities for the Agency.

The Sea Ranch Association purchased all of the Sea Ranch Water Company stock in August 1997. The Sea Ranch Water Company continues to operate as a California Corporation, but has entered into a management agreement with the Association wherein the Association provides supervision, labor, and administrative services to the Sea Ranch Water Company.

The Agency and the Association continue to investigate options for the continued operation of the Sea Ranch SZ. Options being considered include executing an agreement between the Agency and the Association for the continued operation of the sewer facilities and the transfer of all assets, liabilities, and management responsibilities to the Association.

F. Summary of Reduction Options

No reduction options are proposed.

G. Attachments

- Summary of Revenues and Expenditures
- Character Justification
- Statement of Special Fund Activity

FY 2000-01 BUDGET

SUMMARY OF REVENUES AND EXPENDITURES

Section Title: SANITATION ZONE 1 - SEA RANCH - OPERATIONS
Section/Index No: 678102

Sub-Object No. and Title	Adopted 1999-00	Requested 2000-01	Difference	Percent Change
REVENUES:				
<u>TAXES</u>				
1001 Flat Charges - CY	\$248,371	\$251,059	\$2,688	1.08%
1061 Flat Charges - PY	4,000	4,000	0	0.00%
1120 Penalties / Costs on Taxes	600	600	0	0.00%
Subtotal Taxes	\$252,971	\$255,659	\$2,688	1.06%
<u>USE OF MONEY</u>				
1700 Interest on Pooled Cash	\$24,750	\$32,000	\$7,250	29.29%
Subtotal Use of Money	\$24,750	\$32,000	\$7,250	29.29%
<u>CHARGES FOR SERVICES</u>				
3400 Sanitation Services	\$0	\$0	\$0	N/A
Subtotal Charges for Services	\$0	\$0	\$0	N/A
TOTAL REVENUES	\$277,721	\$287,659	\$9,938	3.58%

EXPENDITURES:

SERVICES AND SUPPLIES

6040 Communications	\$4,250	\$5,000	\$750	17.65%
6180 Maintenance - Bldgs / Imp	22,000	50,000	28,000	127.27%
6262 Lab Supplies	500	1,000	500	100.00%
6522 District Services	31,000	20,000	(11,000)	(35.48%)
6540 Contract Services	68,000	60,000	(8,000)	(11.76%)
6573 Administration Costs	2,500	3,000	500	20.00%
6610 Legal Services	750	1,000	250	33.33%
6630 Audit / Accounting Services	1,000	1,040	40	4.00%
7212 Chemicals	1,500	2,000	500	33.33%
7217 State Permits / Fees	3,600	5,000	1,400	38.89%
7320 Utilities	20,000	20,000	0	0.00%
Subtotal Services and Supplies	\$155,100	\$168,040	\$12,940	8.34%

OTHER CHARGES

7980 Depreciation	\$45,000	\$45,000	\$0	0.00%
Subtotal Other Charges	\$45,000	\$45,000	\$0	0.00%

SUMMARY OF REVENUES AND EXPENDITURES

Index No.: 678102

Sub-Object No. and Title	Adopted 1999-00	Requested 2000-01	Difference	Percent Change
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OTHER FINANCING USES

8625 OT - W/in Special Dist - BOS	\$300,000	\$300,000	\$0	0.00%
<i>Subtotal Other Financing Uses</i>	\$300,000	\$300,000	\$0	0.00%

APPROPRIATIONS FOR CONT

9000 Appropriations for Contingencies	\$12,000	\$12,000	\$0	0.00%
<i>Subtotal Approp. for Contin.</i>	\$12,000	\$12,000	\$0	0.00%

TOTAL EXPENDITURES	\$512,100	\$525,040	\$12,940	2.53%
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TOTAL NET COST	\$234,379	\$237,381	\$3,002	1.28%
<i>(Expenditures Minus Revenues)</i>				

FY 2000-01 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

Section Title: SANITATION ZONE 1 - SEA RANCH - CONSTRUCTION
Section/Index No: 678300

Sub-Object No. and Title	Adopted 1999-00	Requested 2000-01	Difference	Percent Change
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REVENUES:

USE OF MONEY

1700 Interest on Pooled Cash	\$13,500	\$17,500	\$4,000	29.63%
Subtotal Use of Money	\$13,500	\$17,500	\$4,000	29.63%

OTHER FINANCING SOURCES

4625 OT - W/in Special Dist - BOS	\$300,000	\$300,000	\$0	0.00%
Subtotal Other Financing Sources	\$300,000	\$300,000	\$0	0.00%

TOTAL REVENUES	\$313,500	\$317,500	\$4,000	1.28%
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EXPENDITURES:

FIXED ASSETS

8510 Buildings / Improvements	\$100,000	\$490,000	\$390,000	390.00%
9142 Capital Replacement Program	45,000	45,000	0	0.00%
Subtotal Fixed Assets	\$145,000	\$535,000	\$390,000	268.97%

TOTAL EXPENDITURES	\$145,000	\$535,000	\$390,000	268.97%
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TOTAL NET COST (Expenditures Minus Revenues)	(\$168,500)	\$217,500	\$386,000	(229.08%)
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FY 2000-01 BUDGET
CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Sanitation Zone - Sea Ranch - Operations

Character: Taxes

Character No.: 678102-10

1001 Flat Charges - CY

Flat charge revenue from annual service charges is expected to increase from the adopted FY 99-00 budget due to a projected increase in the number of ESDs on the tax roll. The annual rate is recommended to remain unchanged at \$560. The number of ESDs charged on the tax roll is expected to increase from 462 budgeted in FY 99-00 to 467 for FY 00-01.

ESDs times annual rate:	467 x \$560	\$261,520
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Less Estimated Delinquency Factor:	4%	(10,461)
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\$251,059

1061 Flat Charges - PY

This item records the estimated delinquent amount of prior years sewer service charges.

1120 Penalties / Costs on Taxes

This item records penalties paid on delinquent sewer service charges.

Character Title: Use of Money

Character No.: 678102-17

1700 Interest on Pooled Cash

This account records interest on pooled cash held for the Zone by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

Estimated Average Cash Balance	\$640,000
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Projected Interest Rate	5.00%
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Projected/Planned Interest on Pooled Cash	\$32,000
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Character Title: Charges for Service

Character No.: 678102-30

3400 Sanitation Services

This account is used to record annual sewer service charges for entities that are invoiced, rather than collected as flat charges on the tax roll, and for new hook-ups as they occur during the year. The Sanitation Rate Ordinance requires that charges be collected at the time permits are issued. The properties are then added to the tax roll master listing and collected through sub-object 1001, Flat Charges, in the following year.

The budget request for the forthcoming fiscal year assumes no revenue in this account. There are currently no invoiced users in this Zone and new hook-ups in this area are very unpredictable (making this a very unreliable source of revenue).

FY 2000-01 BUDGET
CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Sanitation Zone - Sea Ranch - Operations

Character: Services and Supplies

Character No.: 678102-60

6040 Communications

This account records expenses paid by the Zone for outside communication services such as Pacific Bell and AT&T, as well as for the cost of alarm services provided by Honeywell.

6180 Maintenance - Bldgs / Impr

This account records the cost of parts and materials required to maintain the treatment plant and collection system. Actual expenditures in this account are expected to increase substantially in the current fiscal year. [Requirements are expected to include (but are not limited to): parts and materials for test wells; roofing materials for the Central plant; and a prefilter pump and a chlorine scale for the North plant.] The proposed budget increase to \$50,000, reflects the new level of spending anticipated for the next fiscal year.

6262 Lab Supplies

This account records the cost of lab supplies required for testing and monitoring wastewater.

6522 District Services

This account records the cost of Agency labor and overhead associated with the operation, maintenance, and administration of the Zone's facilities and equipment, as well as other related service and supply items. The budget request for the forthcoming year is lower than the amount budgeted in the current year. We anticipate the need for continued groundwater monitoring, collection system inflow and infiltration investigation, system improvement planning, and general oversight of operations.

6540 Contract Services

This account reflects the contract costs for the Sea Ranch Water Company to operate both the North and Central treatment plants. The request is reduced from the current year budget.

6573 Administration Costs

This account represents the 1% administration fee assessed by the County for processing collection of flat charges on the tax roll.

6610 Legal Services

This item is requested to provide funds for the estimated cost of legal services to be provided by County Counsel, or outside legal services, as required. The projected increase in expenditures reflects our expectation of continued needs for legal services, as well as a planned 5% increase in County Counsel rates.

6630 Audit / Accounting Services

This item represents the direct allocation of Auditor-Controller Fiscal Services staff costs for time expected to be spent on the Zone's accounting.

FY 2000-01 BUDGET
CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Sanitation Zone - Sea Ranch - Operations

Character: Services and Supplies (continued) **Character No.:** 678102-60

7212 Chemicals

This account records the cost of chemicals required for operation of the treatment plant. The requested amount is considered necessary to meet the discharge requirements of the Zone's NPDES permit, as required by the State Water Quality Control Board.

7217 State Permits / Fees

This account records the cost of District permits related to NPDES, as mandated by the Regional Water Quality Control Board.

7320 Utilities

This account records the cost of payments made for utilities such as gas, electricity, and water. The request is unchanged from the current year budget.

Character: Other Charges **Character No.:** 678102-75

7980 Depreciation

Generally accepted accounting principles require that depreciation be expensed each year.

Character: Other Financing Uses **Character No.:** 678102-86

8625 OT - W/in Special Dist - BOS

This account reflects the transfer of cash from the operations fund to the construction fund to finance the capital replacement program. If the operations fund does not have sufficient cash available to finance planned capital projects, the transfer will not be made and any uncompleted projects will be rescheduled and rebudgeted in the next fiscal year.

Character: Appropriations for Contingencies **Character No.:** 678102-90

9000 Appropriations for Contingencies

This account provides funding for unanticipated expenditures or revenue shortfalls.

FY 2000-01 BUDGET
CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Sanitation Zone - Sea Ranch - Construction

Character: Use of Money

Character No.: 678300-17

1700 Interest on Pooled Cash

This account records interest on pooled cash held for the Zone by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

Estimated Average Cash Balance	\$350,000
Projected Interest Rate	5.00%
Projected/Planned Interest on Pooled Cash	<u>\$17,500</u>

Character Title: Other Financing Sources

Character No.: 678300-46

4625 OT - W/in Special Dist - BOS

This account reflects the transfer of cash from the operations fund to the construction fund to finance the capital replacement program. If the operations fund does not have sufficient cash available to finance planned capital projects, the transfer will not be made and any uncompleted projects will be rescheduled and rebudgeted in the next fiscal year.

Character: Fixed Assets

Character No.: 678300-85

8510 Buildings / Improvements

This account is used for expenses associated with facility upgrades or expansion of the collection system, lift station, and capacity at the Sea Ranch wastewater treatment facilities. The requested FY 00-01 budget is intended to finance two projects. The first project consists of environmental, engineering design, and construction work for an effluent storage pond that is considered necessary to ensure compliance with the Zone's operational permit requirements. The second project would provide corrosion protection for the influent line by coating the casing. The planned FY 00-01 activity will be funded through existing fund balance and an operating transfer from the operations fund.

9142 Capital Replacement Program

This account reflects expenses associated with repair and replacement of the sewer collection system. Long-term replacement of existing facilities that are worn out and in disrepair will help to bring the facilities up to current sanitation standards and will extend the life of the sanitation infrastructure.

The amount requested for the forthcoming year is intended to be used for: 1) Sewer Trunk Line Replacement (including repair and/or replacement of portions of the main trunk system using a combination of complete replacement and liner technology); and 2) Replacement of Electrical and Mechanical Equipment (including the replacement of items most likely to reduce operation and maintenance costs). The present electrical equipment is nearly 20 years old so finding replacement parts is difficult and expensive. The mechanical equipment is worn out due to age and the corrosive environment at Sea Ranch.

FY 2000-01 BUDGET

STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation

Section: Sanitation Zone - Sea Ranch - Operations

Index No.: 678102

DESCRIPTION OF FUND ACTIVITY	Actual FY 98-99	Estimated FY 99-00	Requested FY 00-01
Undesignated/Unreserved <u>BEGINNING</u> Fund Balance			
Available for Budgeting (See Detailed Components Below)	\$667,768	\$735,719	\$582,097
Annual Revenues and Expenditures:			
Revenues - Increase fund balance	\$287,772	\$298,052	\$287,659
Expenditures - (Decrease) fund balance	(\$267,088)	(\$496,674)	(\$525,040)
Net Surplus or Deficit - Increase/(Decrease) to fund balance	\$20,684	(\$198,622)	(\$237,381)
Adjustments to Reserves/Encumbrances:			
Change in Encumbrance	\$10,863		
7980 - Depreciation	\$36,404	\$45,000	\$45,000
8090 - Loss on Fixed Assets	\$0	\$0	\$0
Net Adjustment - Increase/(Decrease) to Fund Balance	\$47,267	\$45,000	\$45,000
Undesignated/Unreserved <u>ENDING</u> Fund Balance			
Available for Budgeting	\$735,719	\$582,097	\$389,716
Total Increase/(Decrease) in Fund Balance for Fiscal Year (Difference between Beginning and Ending Balance)	\$67,951	(\$153,622)	(\$192,381)
<u>Fund Balance Components at Beginning of FY</u>	<u>7/1/98</u>	<u>7/1/99</u>	
Cash	\$673,592	\$737,623	
Accounts Receivable	11,654	6,372	
Prepaid Expense	0	0	
Accounts Payable	(6,615)	(8,276)	
Encumbrances	(10,863)	0	
Total Beginning Fund Balance	\$667,768	\$735,719	

FY 2000-01 BUDGET

STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation

Section: Sanitation Zone - Sea Ranch - Construction

Index No.: 678300

DESCRIPTION OF FUND ACTIVITY	Actual FY 98-99	Estimated FY 99-00	Requested FY 00-01
Undesignated/Unreserved <u>BEGINNING</u> Fund Balance			
Available for Budgeting (See Detailed Components Below)	\$218,711	\$332,967	\$504,011
Annual Revenues and Expenditures:			
Revenues - Increase fund balance	\$114,256	\$316,044	\$317,500
Expenditures - (Decrease) fund balance	\$0	(\$145,000)	(\$535,000)
Net Surplus or Deficit - Increase/(Decrease) to fund balance	\$114,256	\$171,044	(\$217,500)
Adjustments to Reserves/Encumbrances:			
No Adjustments Required			
Net Adjustment - Increase/(Decrease) to Fund Balance	\$0	\$0	\$0
Undesignated/Unreserved <u>ENDING</u> Fund Balance			
Available for Budgeting	\$332,967	\$504,011	\$286,511
Total Increase/(Decrease) in Fund Balance for Fiscal Year (Difference between Beginning and Ending Balance)	\$114,256	\$171,044	(\$217,500)
<u>Fund Balance Components at Beginning of FY</u>	7/1/98	7/1/99	
Cash	\$218,711	\$332,967	
Total Beginning Fund Balance	\$218,711	\$332,967	